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March 27, 2013

RE: An Investigation of the Reliability Measures of Kentucky's Jurisdictional Electric Distribution Utilities and Certain Reliability Maintenance Practices - Administrative Case No. 2006-00494

Dear Mr. Willard:

Enclosed please find Louisville Gas and Electric Company's and Kentucky Utilities Company's 2012 Annual Reliability Report pursuant to the Commission's Order dated October 26, 2007 in the above referenced matter.

Should you have any questions concerning the enclosed, please contact me at your convenience.

Sincerely,

A handwritten signature in black ink that reads 'Rick E. Lovekamp'. The signature is written in a cursive, flowing style.

Rick E. Lovekamp

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Electric Distribution Utility Annual Reliability Report

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SECTION 1: CONTACT INFORMATION

UTILITY NAME	1.1	Kentucky Utilities Company
REPORT PREPARED BY	1.2	Nelson Maynard, Director Reliability
E-MAIL ADDRESS OF PREPARER	1.3	nelson.maynard@lge-ku.com
PHONE NUMBER OF PREPARER	1.4	859-367-1107

SECTION 2: REPORT YEAR

CALENDAR YEAR OF REPORT	2.1	2012
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SECTION 3: MAJOR EVENT DAYS

T_{MED}	3.1	6.671
FIRST DATE USED TO DETERMINE T_{MED}	3.2	1-Jan-07
LAST DATE USED TO DETERMINE T_{MED}	3.3	31-Dec-11
NUMBER OF MED IN REPORT YEAR	3.4	3

NOTE: Per IEEE 1366 T_{MED} should be calculated using the daily SAIDI values for the five prior years. If five years of data are not available, then utilities should use what is available until five years are accumulated.

SECTION 4: SYSTEM RELIABILITY RESULTS

Excluding MED

SAIDI	4.1	95.15
SAIFI	4.2	0.847
CAIDI	4.3	112.39

Including MED (Optional)

SAIDI	4.4	120.23
SAIFI	4.5	0.932
CAIDI	4.6	129.00

Notes:

- 1) All duration indices (SAIDI, CAIDI) are to be reported in units of minutes.
- 2) Reports are due on the first business day of April of each year
- 3) Reports cover the calendar year ending in the December before the reports are due.
- 4) IEEE 1366 (latest version) is used to define SAIDI, SAIFI, CAIDI, and T_{MED}

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SECTION 5: OUTAGE CAUSE CATEGORIES

Excluding MED

CAUSE CODE DESCRIPTION	SAIDI VALUE	CAUSE CODE DESCRIPTION	SAIFI VALUE
Animal	5.1.1 5.68	Animal	5.2.1 0.078
Construction	5.1.2 0.55	Construction	5.2.2 0.016
Lightning	5.1.3 12.66	Lightning	5.2.3 0.119
Non-Company	5.1.4 2.43	Non-Company	5.2.4 0.020
Unknown	5.1.5 13.93	Unknown	5.2.5 0.144
Overload	5.1.6 0.76	Overload	5.2.6 0.009
Planned Work	5.1.7 4.95	Planned Work	5.2.7 0.071
Trees	5.1.8 29.25	Trees	5.2.8 0.169
Utility Equip	5.1.9 20.32	Utility Equip	5.2.9 0.176
Vehicle	5.1.10 4.63	Vehicle	5.2.10 0.045

SECTION 6: WORST PERFORMING CIRCUITS

CIRCUIT IDENTIFIER	SAIDI VALUE	MAJOR OUTAGE CATEGORY
0312	6.1.1 2007.16	Trees
0311	6.1.2 1237.53	Trees
0304	6.1.3 1137.08	Trees
0947	6.1.4 1125.16	Trees
0317	6.1.5 1089.36	Trees
4331	6.1.6 838.44	Trees
0504	6.1.7 762.93	Trees
4476	6.1.8 701.51	Trees
0458	6.1.9 692.42	Trees
0418	6.1.10 663.44	Trees

CIRCUIT IDENTIFIER	SAIFI VALUE	MAJOR OUTAGE CATEGORY
0312	6.2.1 12.402	Trees
0304	6.2.2 6.487	Trees
0311	6.2.3 5.632	Planned Work
0451	6.2.4 5.222	Vehicle
0314	6.2.5 5.104	Lightning
0319	6.2.6 4.698	Trees
0365	6.2.7 4.631	Trees
0551	6.2.8 4.295	Non-Company
0105	6.2.9 4.005	Vehicle
3404	6.2.10 4.000	Planned Work

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Additional pages may be attached as necessary

SECTION 7: VEGETATION MANAGEMENT PLAN REVIEW

The Companies' Vegetation Management Plan was submitted December 19, 2007 and is referenced to the Reliability report submitted April 1, 2008. The Distribution Vegetation Management Program encompasses right of way maintenance for Louisville Gas and Electric Company and Kentucky Utilities Company (referred to as the "Companies"). The program is centralized and managed by a Forestry Manager and eight company Utility Arborists. All are certified arborists by the International Society of Arboriculture.

The Companies' plan is to maintain a proactive trim cycle while balancing the reactive needs of worst performing circuits. The Companies' goal is to maintain an average trim cycle of five years or less. The effectiveness of the plan is evaluated by the cycle, system performance as measured by system SAIDI, SAIFI, and CAIDI.

Effectiveness of the program:

KU/LG&E Tree Cycle - 4.87 years.
KU (Kentucky) Tree SAIDI - 29.25 minutes
KU (Kentucky) Tree SAIFI - 0.169
KU (Kentucky) Tree CAIDI - 173.08 minutes

The hazard tree program, mid cycle, herbicide, and worst performing circuits were completed as planned. Tree related SAIDI and SAIFI improved in 2012 compared to 2011. Tree CAIDI increased due to improvement in SAIFI.

Adjustments made to the tree plan in 2012 included:

No changes made to plan.

Changes to be implemented in 2013:

SECTION 8: UTILITY COMMENTS

Overall SAIDI and SAIFI improved in 2012 compared to 2011. CAIDI increased due to improvement in SAIFI. The top 10 Worst Performing Circuits for SAIDI and SAIFI have been evaluated for deficiencies. Corrective action was either completed in 2012 or planned and scheduled to be completed in 2013.